



THE DIRECTOR

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

March 16, 2009

The Honorable Mark Sanford  
Governor of South Carolina  
Columbia, SC 29211

Dear Governor Sanford:

Thank you for your letter to the President dated March 11, 2009. He has asked me to respond on his behalf.

During this severe economic downturn, Congress and the President wanted to provide States and localities with emergency funding in order to prevent the layoffs of teachers, police officers, and other vital public servants; spur economic activity and private sector job growth; and make critical investments in providing every child with a world-class education thus improving long-term economic growth. Thus, in the American Recovery and Reinvestment Act of 2009 (ARRA), Congress appropriated \$53.6 billion for the State Fiscal Stabilization Fund to be administered by the Department of Education. Of this amount, nearly \$48.6 billion is to be made available to the States.

Specifically, by statute, the State allocation must be used as follows:

- 81.8 percent “for the support of elementary, secondary, and postsecondary education and, as applicable, early childhood education programs and services.” (ARRA § 14002(a)(1)).
- 18.2 percent “for public safety and other government services, which may include assistance for elementary and secondary education and public institutions of higher education, and for modernization, renovation, or repair of public school facilities and institutions of higher education facilities, including modernization, renovation, and repairs that are consistent with a recognized green building system.” (ARRA § 14002(b)(1)).

Congress has not authorized the Executive branch to waive any of the above statutory requirements governing the State Fiscal Stabilization Fund. Accordingly, States’ spending under the State Fiscal Stabilization Fund must satisfy the statutory requirements.

Sincerely,

Peter R. Orszag  
Director